

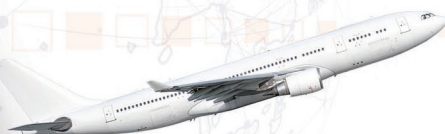
World-link LOGISTICS

WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6083



Interim Report 2020



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Yeung Kwong Fat (*Chairman and CEO*)
Mr. Lee Kam Hung
Mr. Luk Yau Chi, Desmond

Independent

Non-executive Directors

Mr. How Sze Ming
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Company Secretary

Ms. Leung Ho Yee
(*resigned on 29 June 2020*)
Mr. Cheng Sing Yuen
(*appointed on 29 June 2020*)

Board Committees

Audit Committee

Mr. How Sze Ming (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Nomination Committee

Mr. Yeung Kwong Fat (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Remuneration Committee

Mr. Mak Tung Sang (*Chairman*)
Mr. Luk Yau Chi, Desmond
Mr. Jung Chi Pan, Peter

Authorised Representatives

Mr. Yeung Kwong Fat
Ms. Leung Ho Yee
(*resigned on 29 June 2020*)
Mr. Cheng Sing Yuen
(*appointed on 29 June 2020*)

Company's Website

<http://www.world-linkasia.com>

Registered Office

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Legal Adviser

TC & Co., Solicitors
Units 2201-2203, 22/F.
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

Headquarters and Principal Place of Business in Hong Kong

3/F, Allied Cargo Centre
150-164 Texaco Road
Tsuen Wan
Hong Kong

Stock Code

6083



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	97,265	80,136
Other income		3,819	168
Employee benefits expenses		(27,696)	(25,325)
Depreciation of property, plant and equipment and right-of-use assets		(23,254)	(17,407)
Operating lease rentals in respect of rented premises		(2,515)	(5,367)
Sub-contracting expenses		(19,793)	(15,631)
Cost of sales recognised		(8,071)	(3)
Operating lease rental in respect of plant, machinery and equipment		(490)	(372)
Other expenses	5	(6,759)	(5,632)
Profit from operations		12,506	10,567
Finance costs – interest on lease liabilities		(672)	(1,321)
Profit before taxation		11,834	9,246
Income tax expense	6	(1,972)	(1,091)
Profit and total comprehensive income for the period		9,862	8,155
Earnings per share (HK cents)	8		
Basic		1.98	1.69
Diluted		1.96	1.66

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	7,922	11,210
Right-of-use assets	10	50,762	64,382
Interest in an associate		175	175
Rental deposits		1,642	7,006
Deferred tax assets		1,204	1,532
		61,705	84,305
Current assets			
Inventories – finished goods		9,124	6,518
Trade and other receivables and contract assets	11	49,087	65,759
Rental deposits		6,273	1,017
Bank balances and cash		64,613	47,668
		129,097	120,962
Current liabilities			
Trade and other payables and accrued expenses	12	13,808	17,553
Tax payable		2,931	2,674
Lease liabilities		44,216	39,789
Dividend payable		4,981	7,411
		65,936	67,427
Net current assets		63,161	53,535
Total assets less current liabilities		124,866	137,840
Non-current liabilities			
Provisions		1,480	1,423
Lease liabilities		7,209	27,287
		8,689	28,710
NET ASSETS		116,177	109,130
CAPITAL AND RESERVES			
Share capital	13	4,981	4,941
Reserves		111,196	104,189
TOTAL EQUITY		116,177	109,130



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to the owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2019 (audited)	4,800	49,350	10	2,940	35,180	92,280
Profit and total comprehensive income for the period	-	-	-	-	8,155	8,155
Recognition of equity – settled share-based payment expense	-	-	-	599	-	599
Issue of ordinary shares in relation to award of new shares	40	3,896	-	(1,936)	-	2,000
Dividends	-	-	-	-	(4,840)	(4,840)
At 30 June 2019 (unaudited)	4,840	53,246	10	1,603	35,175	94,874
At 1 January 2020 (audited)	4,941	59,991	10	2,064	42,124	109,130
Profit and total comprehensive income for the period	-	-	-	-	9,862	9,862
Recognition of equity – settled share-based payment expense	-	-	-	166	-	166
Issue of ordinary shares in relation to award of new shares	40	3,311	-	(1,351)	-	2,000
Dividends	-	-	-	-	(4,981)	(4,981)
At 30 June 2020 (unaudited)	4,981	63,302	10	879	47,005	116,177

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	43,824	28,462
INVESTING ACTIVITIES		
Withdrawal of short term bank deposit with original maturity over three months	–	13,000
Placement of short term bank deposit with original maturity over three months	–	(26,000)
Purchase of property, plant and equipment	(80)	(3,898)
Gain on disposal of property, plant and equipment	475	–
Interest received	64	105
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	459	(16,793)
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(21,255)	(15,386)
Interest element of lease rentals paid	(672)	(1,321)
Proceed from issue of new shares in relation to award of new shares	2,000	2,000
Dividends paid	(7,411)	(9,600)
NET CASH USED IN FINANCING ACTIVITIES	(27,338)	(24,307)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	16,945	(12,638)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	47,668	32,921
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	64,613	20,283



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 December 2015. On 15 November 2017, the Company has successfully transferred its shares listed on the GEM to the Main Board of the Stock Exchange. The addresses of the registered office and the principal place of business of the Company are disclosed in the section "Corporate Information" in the annual report.

The Company acts as an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the integrated logistics services, packing services and general trading.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

These unaudited condensed consolidated financial statements were authorised for issue on 28 August 2020.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out below. In addition, the Group has adopted the accounting policy for government grants in the interim financial report as follows:

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3. REVENUE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Transportation services income	25,275	20,593
Warehousing services income	45,686	38,312
Customisation services income	10,335	15,575
Value-added services income	5,834	5,651
Sale of goods	10,135	5
	97,265	80,136

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the Executive Directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment. The Directors regularly review revenue and results analysis by (i) logistics solutions business; (ii) customisation services; and (iii) general trading. No operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

For the six months ended 30 June 2020

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Disaggregated by timing of revenue recognition						
Point in time	54,127	10,335	10,135	74,596	-	74,596
Overtime	22,669	-	-	22,669	-	22,669
Revenue						
Revenue from external customers	76,795	10,335	10,135	97,265	-	97,265
Inter-segment revenue	3,600	-	-	3,600	(3,600)	-
	80,395	10,335	10,135	100,865	(3,600)	97,265
Results						
Segment results	13,079	(659)	1			12,421
Unallocated corporate income						97
Unallocated corporate expenses						(684)
Profit before taxation						11,834

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2019

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Disaggregated by timing of revenue recognition						
Point in time	46,158	15,835	5	61,998	-	61,998
Overtime	18,138	-	-	18,138	-	18,138
Revenue						
Revenue from external customers	64,296	15,835	5	80,136	-	80,136
Inter-segment revenue	3,000	-	-	3,000	(3,000)	-
	67,296	15,835	5	83,136	(3,000)	80,136
Results						
Segment results	7,898	2,484	3			10,385
Unallocated corporate income						27
Unallocated corporate expenses						(1,166)
Profit before taxation						9,246

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned from each segment without allocation of corporate income and expenses. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2020

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	General Trading HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	43	37	-	80
Addition to right-of-use assets	6,267	-	-	6,267

For the six months ended 30 June 2019

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	General Trading HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	3,874	258	-	4,132
Addition to right-of-use assets	4,645	-	-	4,645

5. OTHER EXPENSES

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Legal and professional fees	1,071	918
Transportation expense	1,598	818
Utilities	750	853
Repair and maintenance	394	636
Warehouse expense	585	794
Packing materials	245	370
Insurance	820	551
Miscellaneous	1,296	692
	6,759	5,632

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong Profits Tax	1,644	1,540
Deferred taxation	328	(449)
Total income tax expense for the period	1,972	1,091

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 16.5%).

7. INTERIM DIVIDEND

A special dividend (the “Special Dividend”) of 1.5 HK cents (year ended 31 December 2018: 2.0 HK cents) per share amounting to HK\$7,411,000 in aggregate (year ended 31 December 2018: HK\$9,600,000) was declared and approved by the Board pursuant to Article 155(c) of the Company’s Articles of Association on 17 December 2019. The Special Dividend was paid in cash during the six months ended 30 June 2020.

At the Company’s annual general meeting held on 15 June 2020, the shareholders of the Company approved the payment of a final dividend of 1.0 HK cent (year ended 31 December 2018: 1.0 HK cent) per share amounting to HK\$4,981,000 in aggregate (year ended 31 December 2018: HK\$4,840,000) for the year ended 31 December 2019, as recommended by the Board, which was paid in cash to the shareholders of the Company on 15 July 2020, whose names appeared on the register of members of the Company on 24 June 2020.

The Board does not recommend any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$9,862,000 (for the six months ended 30 June 2019: HK\$8,155,000) and the weighted average of 497,647,000 ordinary shares (as at 30 June 2019: 483,558,000) in issue during the six months ended 30 June 2020, calculated as follows:

Weighted average number of ordinary shares

	2020 '000 (Unaudited)	2019 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	497,647	483,558

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$9,862,000 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: HK\$8,155,000) and the weighted average number of ordinary shares of 501,899,000 shares (as at 30 June 2019: 492,000,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	497,647	483,558
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	4,252	8,442
Weighted average number of ordinary shares used in calculating diluted earnings per share	501,899	492,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired approximately HK\$80,000 (six months ended 30 June 2019: HK\$4,132,000) of equipment.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, additions to right-of-use assets were HK\$6,267,000 (six months ended 30 June 2019: HK\$4,645,000) primarily related to the capitalised lease payments payable under new tenancy agreements.

11. TRADE RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	44,422	63,261

The Group generally allows a credit period ranging from 0 days to 120 days to its customers. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables, presented based on invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0–30 days	17,156	20,195
31–60 days	14,123	22,625
61–90 days	11,238	14,036
Over 90 days	1,905	6,405
	44,422	63,261

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables	4,855	9,060
Accrued employees benefits	1,531	4,456
Provision for long service payments	202	202
Accrued expenses	3,793	2,582
Other payables	3,427	1,253
	13,808	17,553

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

All of the trade and other payables and accrued expenses are expected to be settled within one year or are payable on demand. As at 30 June 2020, the aging analysis of trade payables based on invoice date, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 – 30 days	4,593	7,047
31 – 60 days	217	1,560
61 – 90 days	11	41
Over 90 days	34	412
	4,855	9,060

13. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Issued and fully paid:				
At beginning of the period/year	494,067,000	480,000,000	4,941	4,800
Issue of ordinary shares in relation to award of new shares (Note 13)	4,000,000	4,000,000	40	40
Issued of ordinary shares on acquisition of a subsidiary	–	10,067,000	–	101
At end of the period/year	498,067,000	494,067,000	4,981	4,941

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. SHARE INCENTIVE SCHEME

Award Shares to Directors

The Company had on 19 January 2018 (the "Award Date") conditionally awarded award shares (the "Award Shares") to the following Directors subject to the vesting conditions as set out below:

Name of Directors	No. of Award Shares	Vesting date/ No. of Award Shares
Mr. Yeung Kwong Fat	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Lee Kam Hung	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Luk Yau Chi, Desmond	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. How Sze Ming	64,000	21 January 2019/64,000
Mr. Mak Tung Sang	64,000	21 January 2019/64,000
Mr. Jung Chi Pan, Peter	64,000	21 January 2019/64,000

The Company had also on the Award Date conditionally awarded 1,776,000 Independent Award Shares to seven Independent Selected Individuals.

Subject to the fulfilment of the conditions as stated in the circular of the Company dated 20 April 2018 in relation to (i) the proposed issue of new Shares pursuant to specific mandate and (ii) connected transaction in relation to the proposed issue of new Shares to connected persons pursuant to specific mandate (the "Circular") (unless otherwise defined, terms used herein shall have the same meanings as those defined in the Circular of the Company) and the Selected Individuals remain as a Director or employee of the Company (as the case maybe) on each relevant issue date, the Company will allot and issue the Award Shares to each Selected Individuals on the respective vesting dates in 2020 and 2021. The first and second tranche of the Award Shares of 4,000,000 and 4,000,000 Shares were issued and allotted to the Selected Individuals on 21 January 2019 and 20 January 2020, respectively.

15. EVENT AFTER THE REPORTING PERIOD

Interests in Skya Link Limited ("Skya Link")

On 1 July 2020, the Group entered into a shareholders agreement with other shareholders of Skya Link. Pursuant to such agreement, the Group subscribed additional 160 shares at HK\$1 per share. Immediately after the subscription, the Group held 51% of equity interests in Skya Link. Skya Link has not yet commenced operation as at 30 June 2020.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics service provider specializing in Fast Moving Consumer Goods (“FMCG”) and food and beverage (“F&B”). Most of our customers are leading multi-national enterprises and our services are tailored for their unique needs. In addition, the Group has diversified into general trading business since we acquired a subsidiary in Macau last year.

During the first half of 2020, the external economic environment was not in good condition due to the outbreak of the COVID-19. According to the Report entitled “Gross Domestic Product (“GDP”) (Quarterly) (Second Quarter 2020)” released by the Census and Statistics Department (“C&SD”), the Government of the Hong Kong Special Administrative Region, the year-on-year rate of change in real terms of GDP for the first quarter and the second quarter decreased by 9.1% and 9.0% respectively which were the largest decline in ten years. Another statistics from the “Report on Monthly Survey of Retail Sales (June 2020)”, by the C&SD reported that the estimated value of total retail sales decreased by 33.3% in the first half of 2020 compared with that for the same period in 2019. Besides the significant deterioration in the retail industry, tourism and employment were also affected by the COVID-19. According to the publication “Visitor arrivals by country/region of residence (June 2020)” posted on the website of the C&SD, the monthly visitor arrivals has dropped to below 0.2 million since February 2020 while the average monthly visitor arrivals recorded over 5 million during the first half of 2019, represented over 90% decline. The unemployment rate has increased to 6.2% in June 2020 from 2.9% in June 2019, according to another publication “Unemployment Rate by Sex and Age” released by the C&SD.

The outbreak of the COVID-19 has adversely impacted the global economy, tourism and the consumption sentiment. Our customers which provide F&B and retail services suffered severely from the outbreak, which has in turn caused an adverse chain effect to the Group. The external economic environment of the Group was unstable in the first half of 2020.

Our Group adopts a growing strategy in developing new business sectors to complement a stable organic growth in our existing business models. The Group will continue to strengthen our new segment in the F&B sector with cold chain logistics services and business to customers (B2C) services, as well as the general trading business. As dragged down by the outbreak of the COVID-19, the retail, catering and tourism industries were under challenging time, and brought an adverse chain effect to our business as well. Fortunately, with the increasing demand of FMCG goods for personal care safety, the continuously successful recruitment of new customers and the completion of the acquisition of a Macau subsidiary in July 2019, the Group achieved 21.4% growth in revenue during the first half of 2020 when compared with that of the same period in 2019. During the first half of 2020, the businesses of the Group’s customization services segment and the general trading business segment were affected by the economic downturn. However, the Group managed to maintain its net profit margin at 10.1% (for the six months ended 2019: 10.2%) due to a combination of (i) the Group has put much effort to save the operating costs to maintain its operating margin; (ii) receipts of Government grant (to finance the payment of salaries); and (iii) rental concessions from our landlords.



Management Discussion and Analysis

Milestone in 2020

Though facing the adverse economic environment, the Group has achieved several milestone in 2020.

First, the Group has recently gained official accreditation of ISO 22000 (Food Safety Management System), HACCP (Hazard Analysis and Critical Control Points) and GMP (Good Manufacturing Practice) in addition to ISO 9001 (Quality Management System) which we have been accredited since 2015. The granting of these accreditations proved that our operation procedures, such as warehousing and distribution of food, are in line with the standards of the international food supply chain, which could provide customers with confidence and quality assurance. The Group has successfully consolidated these standards into a recognised comprehensive quality management system.

Second, after our success in entering into the Macau market by acquiring a Macau subsidiary in July 2019, the Group planned to expand its operating capacity and capability through setting up a distribution hub (which includes a bonded distribution center) in Qianhai, Shenzhen by the end of the last quarter in 2020. To complement our current Hong Kong distribution center with an area of 500,000 square feet, the new bonded distribution center (which incorporates co-packing facilities to provide value added service) will provide an additional area of 150,000 square feet. The proposed bonded distribution center will function as a consolidation center for goods from China and overseas to feed into Hong Kong goods on a daily basis. The management believes that this strategic move will significantly strengthen our cross-border logistics infrastructure, increase our operational efficiency and improve the overall customer satisfaction. With this strategic move, World-link will be able to provide its customers both operational excellence and an optimal logistics total solution. Furthermore, this move will also tight in with our strategy goal to enhance our position in providing B2C services to our customers globally with the E-commerce driving trend.

With our motto "Always Can Do", we are committed to provide reliable and professional logistics solutions to enhance efficiencies and to gain a competitive advantage for our customers. We will continue to make our best effort to stay ahead of our competitors.

Outlook

Although the outlook was currently uncertain due to the COVID-19 outbreak, the Group will continue its diversification policy to maintain the healthy growth of the Group in the second half of 2020. The new business opportunity in Qianhai, Shenzhen will provide additional revenue sources to the Group. Looking forward to the opportunities and challenges in the second half of 2020, the Group will continue to improve its quality services and to recruit new customers. The management of the Group remains cautious with the performance of the Group in the second half of 2020.



Management Discussion and Analysis

Financial Review

Revenue

The revenue of the Group increased by approximately 21.4% from approximately HK\$80.1 million for the six months ended 30 June 2019 to approximately HK\$97.3 million for the six months ended 30 June 2020. The increment of revenue was driven by the demand of FMCG, new customers and revenues contributed by the newly acquired Macau subsidiary during the second half of 2019, net off the adverse impact due to COVID-19.

Revenue generated from our warehousing services increased by approximately 19.2% from approximately HK\$38.3 million for the six months ended 30 June 2019 to HK\$45.7 million for the six months ended 30 June 2020.

Revenue generated from our customisation services decreased by approximately 33.6% from approximately HK\$15.6 million for the six months ended 30 June 2019 to HK\$10.3 million for the six months ended 30 June 2020. The decrease of revenue was due to the ripple effect of the downturn in the tourism and the retail industry.

Revenue generated from our transportation services increased by approximately 22.7% from approximately HK\$20.6 million for the six months ended 30 June 2019 to HK\$25.3 million for the six months ended 30 June 2020.

Revenue generated from our value added services increased by approximately 3.2% from approximately HK\$5.7 million for the six months ended 30 June 2019 to HK\$5.8 million for the six months ended 30 June 2020.

After the acquisition of a Macau subsidiary in the second-half of 2019, our Group recorded a significant increment in the sales of goods from HK\$5,000 for the six months ended 30 June 2019 to HK\$10.1 million for the six months ended 30 June 2020.



Management Discussion and Analysis

Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$27.7 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: HK\$25.3 million). Our Group had a total of 223 and 216 full-time employees as at 31 December 2019 and 30 June 2020 respectively. The decreasing number of staff was due to natural wastage while the increment of employee benefits expenses was driven by the improvement of staff benefits for staff retention.

Other expenses

Other expenses mainly included other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and office and store supplies. For the six months ended 30 June 2020, other expenses amounted to approximately HK\$6.8 million (for the six months ended 30 June 2019: HK\$5.6 million). The increment of approximately 20.0% was mainly due to the increase in transportation expenses and other operating cost for the newly acquired Macau subsidiary in the second half of 2019.

Taxation

The taxation mainly represented the provision of Hong Kong Profits Tax and Macau Corporate Tax calculated at 16.5% and 12.0% of the estimated assessable profits during the six months ended 30 June 2019 and 2020, respectively.

Profit

Our Group recorded a profit of approximately HK\$9.9 million for the six months ended 30 June 2020, representing an increment of approximately 20.9% compared to that in the six months ended 30 June 2019. The increment of the net profit after taxation was mainly driven by the increase in revenue of the logistics solution business segment, stringent cost control of other expenses and government grant obtained.



OTHER INFORMATION

Interim Dividend

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

Liquidity and Financial Resources

The Group's operation and investments during the reporting period were financed principally by cash generated from its business operations. As at 30 June 2020, the Group had net current assets of approximately HK\$63.2 million (31 December 2019: approximately HK\$53.5 million) and cash and cash equivalents of approximately HK\$64.6 million as at 30 June 2020 (31 December 2019: approximately HK\$47.7 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

Gearing Ratio

As at 30 June 2020, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the six months period) of the Group is nil (31 December 2019: Nil).

Foreign Currency Risk

The Group's business activities are in Hong Kong and Macau and are denominated in Hong Kong dollars and Macau Patacas. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitment

As at 30 June 2020, the Group did not have material capital commitments (31 December 2019: Nil).

Capital Structure

The capital structure of the Group comprise of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends, issuance of new shares as well as issue of new debts and redemption of existing debts.

Other Information

Material Acquisitions and Disposal

During the six months ended 30 June 2020, the Group had no material acquisitions and disposals of subsidiaries.

Reference is made to the announcements of the Company dated 31 May 2019, 3 June 2019 and 31 July 2019 (the "Announcements"), the Company completed a discloseable transaction relating to the acquisition of a Macau subsidiary during the year ended 31 December 2019. The newly acquired Macau subsidiary engages mainly in wholesale and trading of daily necessities and medicines in Macau. For details, please refer to the Announcements.

On 1 July 2020, the Group entered into a shareholders agreement with the shareholders of Skya Link. Pursuant to the agreement, the Group subscribed additional 160 shares at HK\$1 per share. Immediately after the subscription, the Group holds 51% of the equity interests in Skya Link. Skya Link has not yet commenced operation as at 30 June 2020.

Employees and Remuneration Policies

As at 30 June 2020, the Group employed 216 (31 December 2019: 223) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience and the prevailing market condition.

Charge on the Group's Assets and Contingent Liabilities

As at 30 June 2020, the Group has no bank borrowings (31 December 2019: Nil). The Group has banking facility of HK\$45.0 million which were guaranteed by the Company (31 December 2019: HK\$45.0 million). The Group has no material contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2020.

Other Information

Directors' and Chief Executives' Interests in Shares

As at 30 June 2020, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in the Company

Name of Director and chief executives	Capacity	Number of shares held/interested		Number of underlying shares pursuant to Award Shares	Total interests	Percentage of Company's issued share capital
		Personal interests	Other interests			
Mr. Yeung Kwong Fat (Note 1)	Interest in a controlled corporation; and beneficial owner	13,732,000	81,068,000	1,136,000	95,936,000	19.26%
Mr. Lee Kam Hung (Note 2)	Interest in a controlled corporation; and beneficial owner	2,832,000	143,796,000	1,136,000	147,764,000	29.67%
Mr. Luk Yau Chi, Desmond (Note 3)	Interest in a controlled corporation; and beneficial owner	4,716,000	76,060,000	1,136,000	81,912,000	16.45%
Mr. How Sze Ming (Note 4)	Beneficial owner	64,000	-	-	64,000	0.01%
Mr. Jung Chi Pan, Peter (Note 5)	Beneficial owner	64,000	-	-	64,000	0.01%
Mr. Mak Tung Sang (Note 6)	Beneficial owner	64,000	-	-	64,000	0.01%



Other Information

Notes:

1. 95,936,000 Shares in which Mr. Yeung is interested consist of (i) 81,068,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, (ii) 13,732,000 Shares is directly held by Mr. Yeung and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Yeung and to be issued and allotted under a tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.
2. 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, (ii) 2,832,000 Shares is directly held by Mr. Lee and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Lee and to be issued and allotted under a tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.
3. 81,912,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, (ii) 4,716,000 Shares is directly held by Mr. Luk and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Luk and to be issued and allotted under a tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.
4. 64,000 Shares were issued and allotted to Mr. How on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.
5. 64,000 Shares were issued and allotted to Mr. Jung on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.
6. 64,000 Shares were issued and allotted to Mr. Mak on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.



Other Information

Interests in associated corporation(s) of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of shareholding
Mr. Yeung	Orange Blossom International Limited	Beneficial interests	1	100%
Mr. Lee	Best Matrix Global Limited	Beneficial interests	1	100%
Mr. Luk	Leader Speed Limited	Beneficial interests	1	100%

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Substantial Shareholders' Interests in Shares

As at 30 June 2020, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited	Beneficial owner	143,796,000	28.87%
Leader Speed Limited	Beneficial owner	76,060,000	15.27%
Orange Blossom International Limited	Beneficial owner	81,068,000	16.28%
Ms. Law Wai Yee (Note 1)	Interest of spouse	95,936,000	19.26%
Ms. Chan Pik Shan (Note 2)	Interest of spouse	147,764,000	29.67%
Ms. Wong Soo Fung (Note 3)	Interest of spouse	81,912,000	16.45%
Ms. Hui Pui Shan (Note 4)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (Note 5)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling, Janine (Note 6)	Interest of spouse	64,000	0.01%

Notes:

- Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.
- Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.
- Ms. Wong Soo Fung is the spouse of Mr. Luk and is deemed, or taken to be, interested in Shares in which Mr. Luk has interest under the SFO.
- Ms. Hui Pui Shan is the spouse of Mr. How and is deemed, or taken to be, interested in Shares in which Mr. How has interest under the SFO.
- Ms. Chan Ka Man is the spouse of Mr. Jung and is deemed, or taken to be, interested in Shares in which Mr. Jung has interest under the SFO.
- Ms. Wong Shuk Ling, Janine is the spouse of Mr. Mak and is deemed, or taken to be, interested in Shares in which Mr. Mak has interest under the SFO.

Other Information

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2020.

Share Incentive Scheme

Award Shares to Directors

As stated in note 14 of this report, the Company had on the Award Date conditionally awarded Award Shares to the following Directors subject to the vesting conditions as set out below:

Name of Directors	No. of Award Shares	Vesting date/ No. of Award Shares
Mr. Yeung Kwong Fat	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Lee Kam Hung	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Luk Yau Chi, Desmond	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. How Sze Ming	64,000	21 January 2019/64,000
Mr. Mak Tung Sang	64,000	21 January 2019/64,000
Mr. Jung Chi Pan, Peter	64,000	21 January 2019/64,000

Subject to the fulfilment of the conditions as stated in the Circular of the Company and the selected Directors remain a Director of the Company on each relevant issue date, the Company will allot and issue the Award Shares to each selected Director on the vesting date on 19 January 2021. The first and the second tranches of the Award Shares of 3,408,000 and 3,408,000 Shares were issued and allotted to the selected Directors on 21 January 2019 and 20 January 2020, respectively.

Other Information

Arrangements to Purchase Shares or Debentures

Save as disclosed in this report, at no time during the six months ended 30 June 2020 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2020 or at any time during the six months ended 30 June 2020.

Competing Interest

For the six months ended 30 June 2020, the Directors are not aware of any business or interest of the Directors, the Controlling shareholders, the management shareholders and their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange) that compete or may compete with the business of the Group and any other conflict of interest.

Corporate Governance

Except for the deviation from CG Code provision A.2.1 of the Corporate Governance Code Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code"), the Company's corporate governance practices have complied with the CG Code.

CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Yeung Kwong Fat is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway System Company Limited and World-Link Packing House Company Limited since 1994 and 2009 respectively, the Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being Independent Non-executive Directors.



Other Information

Audit Committee

The Board has established an audit committee (the “Audit Committee”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls, risk management to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group’s management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2020.

By Order of the Board
World-Link Logistics (Asia) Holding Limited
Yeung Kwong Fat
Chairman and Chief Executive Officer

Hong Kong, 28 August 2020

As at the date of this report, the Executive Directors are Mr. Yeung Kwong Fat, Mr. Lee Kam Hung and Mr. Luk Yau Chi, Desmond; and the Independent Non-executive Directors are Mr. How Sze Ming, Mr. Jung Chi Pan, Peter and Mr. Mak Tung Sang.

In case of any inconsistency, the English text of this report shall prevail over the Chinese text.